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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, MARCH 24, 1999

COMMONWEALTH OF VIRGINIA, ex rel.

GEORGE M. HUDGINS, et al.

v.

CASE NO. PUE960133

SYDNOR HYDRODYNAMICS, INC.

ORDER ON RECONSIDERATION

On March 16, 1999, Sydnor Hydrodynamics, Inc. ("Sydnor" or "the Company") filed a Petition for Reconsideration of the Commission's March 3, 1999, Final Order in this proceeding. Sydnor request that we reconsider two cost of service issues: the recovery of \$600.00 in annual costs to implement twenty-four hour toll-free calling for customers to report service problems; and the recovery of an additional \$19,000 in rate case expenses incurred by the Company. The Company's motion is supported by a copy of an executed contract, dated March 16, 1999, between Sydnor and a Williamsburg telephone answering service; and invoices for accounting and legal services performed for the Company.

In our Final Order we adopted the Hearing Examiner's recommendation that the Company provide twenty-four hour toll-free calling to its customers in the First Colony subdivision.

We further adopted the Examiner's recommendation that Sydnor not recover the expense for such service in its cost of service because the Company did not introduce into the record evidence of the expense. While the issue of providing this service was raised for the first time in Staff's prefiled testimony, and thus was not a part of the Company's initial filing, it would appear the Company had ample time to respond to this issue and could have introduced data supporting its request at the evidentiary hearing.

Nevertheless, we believe the contract cost of \$600.00 for the calling service appears to be reasonable and we will permit it to be recovered by the Company. It is not, however, our intention to grant, even in similar situations, such requests in the future. Where there is sufficient time, we will expect all companies to present their evidence by the close of the hearing or other evidentiary portion of a proceeding.

With respect to Sydnor's request regarding rate case expenses, we will not reopen the record. As we stated in the Final Order, we believe that the Hearing Examiner was correct in her analysis and recommendation on this issue. Our ruling on rate case expenses will therefore stand. Accordingly,

IT IS ORDERED THAT:

(1) The Company's Petition for Reconsideration is GRANTED on the issue of recovery for toll-free customer calling, and it

may include \$600.00 per year in its cost of service for that expense.

(2) The Company's Petition for Reconsideration is DENIED on the issue of the level of rate case expenses included in cost of service.

(3) The Commission's Final Order of March 3, 1999, is modified to the extent that the Company's rates for the First Colony water system shall be reduced to effect a revenue reduction of \$2,156 (instead of \$2,756) to generate \$80,839 in gross annual revenues (instead of \$80,239), effective April 1, 1997.

(4) The Company shall forthwith file with the Division of Energy Regulation a tariff for rates of service consistent with the terms of our March 3, 1999, Final Order, as modified herein.

(5) This matter shall be removed from the Commission's docket, and the papers placed in the file for ended causes.